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ECONOMIC ASPECTS OF THE PANAMA CANAL[1]

It has long been realized that the value of the Panama Canal is twofold. First, it is a valuable naval asset in that it enables the United States and foreign countries, not at war with the United States, to transfer naval vessels between the Atlantic and Pacific oceans in the shortest possible period of time. Second, the canal has an unquestioned economic value, although there has been much difference of opinion as to the extent of this value and as to the policy best suited to enhance the canal's economic efficiency. It is the purpose of this paper, so far as time will permit, to emphasize some of the economic aspects of the Panama Canal.

It is now possible to speak with somewhat greater assurance than before the canal was opened to commerce, for since it was navigated by the first merchant vessel on August 15, 1914, nearly a year has passed and traffic statistics for the first 10½ months of operation have been compiled. Unfortunately, however, the element of conjecture has not been entirely removed, because the first months of operation would, even in times of peace, be adnormal until shipping customs and ocean routes have undergone the changes which the opening of a new interoceanic waterway makes necessary, because vessel movements have been restricted by slides, and especially because the international trade between the countries of the Atlantic and Pacific oceans has been woefully disrupted by the European war. Not until the return of peace, when international trade again becomes normal, can the traffic of the canal be expected to reach its normal volume.

During the first 10½ months of operation, in spite of abnormal conditions, 1088 merchant vessels, carrying 4,969,792 tons of freight passed through the canal, and the United States government collected $4,424,256 in tolls. Of the many items comprising this traffic, but one may be said to be normal, namely, the coastwise traffic between our eastern and western seaboards; and this was heavier than was estimated when the rate of toll was fixed. The coastwise traffic during the first 10½ months amounted to over 40 per cent of the total, although it was estimated that during the first years of operation it would normally comprise but 10 or 11 per cent of the canal's traffic. The international traffic of the

[1] This paper was presented at the meeting of the American Economic Association held in Berkeley, Cal., August 12, 1915.

canal, on the contrary, comprised nearly 60 per cent of the total. This was less than had been anticipated, for the trade of Germany, one of the three leading countries to use the Panama route in its trade with the markets of the Pacific, has temporarily come to an end and the exports of Great Britain, France, and all the remaining countries of Europe to the west coast of South America, Australasia and the Far East, are far below what they usually are in times of peace; and even the trade between the eastern seaboard of the United States and the western coast of South America, although slowly recovering, has thus far been depressed, because the outbreak of the war caused a severe financial and commercial depression throughout the greater part of the South American continent. It is estimated that when the international trade between the countries of the Atlantic and Pacific recovers its former volume the total net tonnage, foreign and coastwise, using the Panama Canal will be at least 10,500,000 net registered tons. This estimate was made by Professor Emory R. Johnson, the former special commissioner on traffic and tolls, at the time he recommended the rate of tolls which was adopted by the President. The gratifying advance made in the coast-to-coast business indicates that when international trade becomes normal this estimate will prove to be conservative.

From what has been accomplished since the opening of the canal and from the detailed analysis of ocean shipping, transcontinental railroad traffic, steamship operating costs, and length of ocean routes, which was made before the tolls and vessel measurement rules were promulgated (in which work it was my privilege to assist for a period of two years), it is possible to trace at least some of the waterway's economic influences. Its first and most direct *effect is upon ocean steamship routes.* Four of the world's greatest ocean routes are directly affected by the Panama Canal—the Magellan or Cape Horn route, the Panama Railroad and Mexican or Tehuantepec route, the South African or Cape Town route, and the Suez Canal route. The five primary routing factors which operate in favor of the Panama route are: (1) the distance or length of the voyage, (2) the length of time required to reach destinations, (3) fuel costs, (4) the relative ease of obtaining profitable cargoes, and (5) the absence or presence of transshipment costs. In each of these the Panama Canal has an advantage over rival routes affecting a portion of their former traffic. Other considerations may also enter at times, such as port charges and

marine insurance rates, but they are not determining factors as between the Panama route and its competitors. The routing effect of the canal, moreover, applies almost exclusively to steamships, internal combustion oil vessels, or other self propelled or towed vessels. But few sailing vessels have selected the Panama route and few may be expected to do so in the future, for their approach to the Panama, from the Pacific, as also the approach to the Suez Canal through the Red Sea, is seriously retarded by uncertain winds and belts of calms.

The extent to which the Panama Canal effects a saving may be illustrated by a few concrete examples. The distance from New York to San Francisco via the canal is 7873 nautical miles shorter than by way of the old Magellan route; and the corresponding saving in shipments from New York to Valparaiso, Chile, is 3747 miles; to Iquique, the great Chilean nitrate port, 5139 miles; and to Guayaquil, Ecuador, 7405 miles. As compared with the Suez Canal route, a steamer sailing from New York to Yokohama via Panama and San Francisco saves 3768 miles and to Shanghai 1876. The route from San Francisco to Liverpool via Panama is 5666 miles shorter than by way of Magellan. Steamships sailing from New York to Sydney, Australia, save 3932 miles as compared with the South African route; and the Panama route to Wellington, New Zealand, is 2493 miles shorter than the route by way of Magellan. The trade between the eastern seaboard of the United States and western Europe on the one side and all the leading ports of North and South America will take the Panama route because the saving in distance is pronounced. Vessels operating between our eastern seaboard and the Hawaiian Islands, Japan, Australia, New Zealand, and Chinese and other Oriental ports as far west as Manila, also shorten their voyage by using the Panama Canal; and those sailing between Europe and New Zealand find the Panama route to be the shortest but save far less than the vessels which ply to and from the eastern seaboard of the United States.

The savings in distance occasioned by the Panama Canal go hand in hand with the resulting reduction in sailing time. An ordinary 10-knot steamer, when sailing from New York to Wellington via the canal rather than by way of the shortest competitive all-water route, saves 9.9 days, to Sydney 15.8, Yokohama 15.2, Valparaiso 15.1, Honolulu 27, Shanghai 7.3, and San Francisco or other Pacific coast ports, 33.3 days. No routing consideration

is more important than this reduction in time, for from it result a more frequent steamship service, more rapid delivery, and a reduction in operating costs. It varies greatly according to the reduction in distance between different ports and the speed of the vessel. It is less in case of fast passenger ships; but it should be remembered that a large part of the trade between the Atlantic and Pacific moves in ordinary freighters having a speed of from 9 to 12 knots per hour.

Steamship operating costs are reduced not only as a result of a saving in sailing time and length of voyage but also by a reduction in fuel cost as compared with the Suez, Magellan, or South African routes. The Panama route reduces the fuel bills of steamships primarily because less fuel is needed to reach those parts of the world which are tributary to the canal, and as compared with the first two routes also because relatively larger proportions of American and native coals are available, the prices of which are lower than those of the costly Welsh coal which is supplied at many of the fuel stations on the Suez and Magellan routes. The sale of American coal at the canal by the United States government and the increasing quantity being shipped through the canal by Eastern coal exporters is likely to become of the utmost importance as a means of stimulating canal traffic and as a source of commerce.

Traffic considerations occasionally attract vessels through the Panama Canal even though in particular instances other routes are shorter. Thus, the greater ease of obtaining cargoes in particular voyages and the lower coaling costs have caused some vessels plying between Europe and a number of the ports of Australasia and Japan to sail via Panama even though it is not the shortest available route.

Transshipment costs as a cause of diverting traffic to the Panama Canal are especially important in connection with the Tehuantepec and Panama railroad routes. Vessels formerly transshipping from ocean to ocean by rail now pass through the canal, for the transshipment costs paid at Tehuantepec average about $3.50 and at the Isthmus of Panama about $3 per ton of cargo. In comparison, a canal toll of $1.20 per net vessel ton, or an equivalent of from 80 to 90 cents per average cargo ton, denotes a huge saving.

Canal tolls constitute an important routing consideration only at those distant marginal points which are geographically so located as to bring the canal into direct competition with other routes. Much the larger share of its regular traffic is naturally so tribu-

tary to the canal that it would seek the canal route quite regardless of any tolls which might reasonably be charged. In fixing tolls in the future the government will constantly be confronted with the question whether or not it is more desirable to reduce the tolls on all traffic so as to reach out for a somewhat larger share of that small minority of additional vessels which might use the canal if the tolls were lower, than to conserve its revenues by maintaining reasonable tolls and fixing them primarily with reference to that much larger portion of traffic which the canal now benefits in many ways. The rate of toll on merchant vessels is now practically the same at Panama and Suez and the average tolls collected are slightly lower at the former because the measurement rules upon which they are based are somewhat more liberal and, while the Suez Canal Company charges a special toll of 10 francs for each passenger on board a vessel in addition to the main tolls based on its net tonnage, no special passenger tolls are collected at Panama. The two great waterways, however, are competitors for but a small portion of the traffic which they handle.

The second economic effect of the canal is its *influence upon commerce.* It has already begun to stimulate both domestic and foreign commerce, and that it will do so on an even larger scale when the commercial world returns to an even keel is undoubted. Its most sweeping effect on commerce will result from the improved ocean services which it incurs by reducing sailing time and time of delivery between many Atlantic and Pacific ports, by increasing the frequency of sailings, and by reducing operating costs. It also affects commerce by reducing ocean freight rates between numerous points. It is a poor time to compare ocean charges when an abrupt shortage of tonnage is occasioned by a war which locks many of the finest deep sea vessels of the world into their harbors and draws others into the traffic in grain, flour, provisions, war munitions, and other freight moving to those belligerent or neutral countries whose trade routes have not been entirely closed; yet it is significant that, while transatlantic rates have increased amazingly, the coast to coast rates on many commodities shipped via the canal are from 5 to 20 per cent lower than they were before the opening of the canal. Others are the same as they were and but few are higher.[2] Ocean freight rates are based upon what the traffic will bear rather than upon distance or operating costs, but the canal,

[2] Coast to coast rates by canal were quoted on September 5, 1914, and June 7 and 8, 1915.

by encouraging the entrance of additional coastwise lines, has tended towards lower rates. Instead of the three private lines and one government line which operated before the opening of the canal, five private steamship lines are now engaged in the coast-to-coast business; and, while they will probably coöperate in making their rates after traffic conditions are well adjusted, each endeavors to obtain as much freight as it can accommodate.

The opening of the canal has further benefited commerce by exerting an influence upon transcontinental railroad freight rates. The rail carriers have, since the opening of the canal, reduced their transcontinental rates to the Pacific coast on a great number of commodities, in order to retain as large a share as possible of the freight originating on or near the Atlantic seaboard. Moreover, these reductions have been extended to the same articles when shipped from points in the Central West so as to enable the shippers of this region to compete with those located near the seaboard; and the Interstate Commerce Commission, being convinced of the revenue needs of the railroads and the varying effects of canal competition, has authorized them, subject to certain maximum limits, to charge lower rates to the Pacific coast terminals than to intermediate points not subject to the same degree of water competition.[3]

The commission has likewise regulated the back-haul rates from Pacific terminals to interior points so as to facilitate the shipment of freight to such points by way of the canal.[4] Those who expected a wholesale and drastic reduction of transcontinental rates as a result of canal competition will doubtless be disappointed, for it should be remembered that not more than 20 to 22 per cent of the transcontinental railroad freight has in the past originated at, or been destined to, points located on or near the Atlantic seaboard. Should they endeavor to hold their former share of this freight by drastic cuts in their rates, they would be obliged to extend automatically the same reduced rates to the much larger volume of transcontinental freight which moves between the Central West and the Pacific coast. Transcontinental railroads may, therefore, be expected to maintain their rates primarily with reference to the freight which moves to and from the Central West where the influence of canal competition is least felt.

The opening of the canal has also stimulated commerce, both

[3] 32 I. C. C. Reports 611, January 29, 1915.

[4] 34 I. C. C. Reports 13, April 20, 1915.

domestic and foreign, by directing the attention of manufacturers and exporters to markets formerly regarded as unimportant or inaccessible. It is an advertising medium which should prove invaluable to American commerce.

During the first 10½ months of operation the largest item in international traffic of the canal was the trade of the eastern section of the United States and Europe to the west coast of South America; the second largest was the trade between the Pacific coast of the United States and of Europe; and third, that between the Atlantic coast of the United States and the Far East.[5]

These three items constituted over 95 per cent of the total international traffic of the canal, the remainder moving to and from Australia, New Zealand, British Columbia, Western Mexico, Central America, and other miscellaneous points. The part of the United States in this international traffic has been unduly large because the trade of Europe with most regions of the Pacific Ocean is, temporarily, far below normal. More Chilean nitrate, for example, has thus far been shipped to the United States through the canal than to Europe, although in times of peace the nitrate shipments to Europe have usually been four or five times greater.

The international trade of the United States is especially benefited in so far as it depends upon the canal, because the canal reduces the distance between our eastern seaboard and the Pacific

[5] See the following table:

Traffic of the Panama Canal during the first 10½ *months of operation.*

Months	Eastbound		Westbound		Total		Vessel tonnage	
	Vessels	Cargo	Vessels	Cargo	Vessels	Cargo	Gross tons	Net tons
1914								
August . . .	11	62,178	13	49,106	24	111,284	120,282	85,978
September .	30	180,276	27	141,762	57	322,038	303,446	221,059
October . .	40	253,288	44	168,069	84	421,357	461,104	328.216
November .	38	242,291	54	206,510	92	448,801	452,550	322,731
December .	57	271,219	43	179,235	100	450,454	485,672	344,294
1915								
January . .	54	240,925	44	208,082	98	449,007	490,571	347,212
February .	53	276,078	39	150,987	92	427,065	455,344	322,862
March . . .	80	417,610	57	217,447	137	635,057	675,281	475,984
April	60	285,457	59	237,384	119	522,841	569,877	404,539
May	75	332,174	67	246,534	142	578,708	703,805	492,350
June	60	282,561	83	320,619	143	603,180	698,855	497,810
Total . .	558	2,844,057	580	2,125,735	1,088	4,969,792	5,416,787	3,843,035

Ocean very much more than the distance between Europe and the Pacific. While it shortens the route from New York to Valparaiso by 3747 miles, the route from Liverpool to Valparaiso is shortened by but 1540 miles. The routes from New York and Liverpool to Wellington, New Zealand, are similarly shortened by 2493 and 1564 miles respectively; and while the canal materially shortens the route from New York to Yokohama, Shanghai, and Sydney, it does not affect the distance between Liverpool and these points, for the route from Europe to Asia and Australasia, with the exception of New Zealand, is longer via Panama than by way of the Suez Canal.

Although an American merchant marine adequate for American commerce has advantages over the continued dependence of the merchants and producers of the United States upon foreign vessels, no sections of the world benefit so greatly from the opening of the Panama Canal as do North and South America. In the foreign trade, the whole of the United States benefits materially. The Pacific coast uses the canal to advantage in its trade with Europe; the Atlantic and Gulf seaboards and the Central West use it in their trade with Pacific markets as far west as Hongkong and Manila. The Gulf ports are especially benefited by an unusually large reduction in distance, their geographical location being such that the distance from New Orleans to Manila is reduced by 1978 miles as compared with a reduction of but 41 miles in the distance from New York. A revolutionary shift of foreign trade from the Atlantic to the Gulf ports is not to be expected, for there are other trade considerations besides a reduction in the length of ocean routes, but in so far as the canal influences ocean routes no section east of the Pacific slope is benefited as largely as the ports located on the Gulf of Mexico.

In the domestic transcontinental trade the ports of the Atlantic, Gulf and Pacific seaboards obtain the greatest and most direct assistance from the canal, for they can utilize it to full advantage without the payment of railroad and transshipment costs. The regions adjacent to the seaboards also benefit greatly in that they are able to ship through the canal at rates lower than the all-rail charges of the transcontinental railways. Much canal traffic is destined to and originates at points as far west as Pittsburgh and the eastern part of Ohio. The domestic commerce of the Central West benefits less; for, although the steamship lines are reaching into this region to a somewhat greater extent than before the canal

was opened, much the largest proportion of the trade between it and the Pacific coast continues to move by rail. The benefit derived from the canal by the Central West has been mainly indirect, coming through the reduction of the railroad rates on a number of westbound commodities. The shippers and manufacturers of the Central Western and Atlantic states are competitors for the Pacific coast trade and it remains to be seen to what extent the former will continue to hold their erstwhile dominant position. The Central West will be assisted by the transcontinental railroads; and the Atlantic States, by the canal lines. The region which has thus far benefited least from the canal is the Rocky Mountain section, for the increased water competition at the Pacific coast terminals has induced the railroads, with the consent of the Interstate Commerce Commission, to widen the difference between their transcontinental and intermountain rates on numerous commodities. Should this policy fail to maintain the revenues of the rail carriers, the alternative policy would be to reduce their intermountain rates so as to deprive the Pacific terminals of a portion of their present jobbing trade and to supply the mountain states more largely with Eastern and Central Western wares directly by rail. The various commercial districts of the country do not have an equal interest in the canal and it is not at present possible to forecast what the relationship between the railroad and steamship rates will ultimately be.

A gradual growth in the commerce of the United States, both foreign and domestic, may be expected, although the sudden commercial revolution which some of the enthusiasts predicted has not occurred. It should not be overlooked that the trade of the United States with many of the most promising of the newer markets of the world is not directly affected by the canal. Large sections of South America, for example, including Argentine, Brazil, Uruguay, and most of the north coast countries, lie east of the canal and their trade with our eastern seaboard does not move via Panama. The shortcomings of most of the markets directly affected by the canal, moreover, are such that, however great the success of the United States may be, no sudden commercial upheaval is probable. In most of the foreign markets of the Pacific the American exporter is confronted by well-established foreign competitors who have thus far controlled much the larger share of their foreign trade. From the year 1900 until the outbreak of the European war, the United States has supplied but 8½ to 12½

per cent of the imports of Chile; and the American proportion in Australia has ranged from 9.7 to 16¾ per cent, in New Zealand 7 to 13 per cent, and in China from 5½ to 16 3/10 per cent. Great Britain, Germany, and in China also Russia and Japan, will make every effort to maintain or improve their present commercial positions. In some of these markets, moreover, the population is as yet too small to warrant the purchase of large quantities of outside wares. In others there are wide undeveloped areas, parts of which have glowing future prospects but the development of which requires time and the expenditure of large sums on railroads and other improvements. Others, such as China, have a dense population but one which still has a low purchasing power and the demands of which for Western products grow but gradually. In some instances, as in Australia and New Zealand, there are relatively few commodities which are at present available for return cargoes to the United States, although they have a large surplus of agricultural products which readily find a market in Europe. In China, moreover, it remains to be seen whether in the light of recent happenings the open door policy which the United States has always favored will, in the future, be maintained.

It should also be borne in mind that the Panama Canal influences trade only in so far as it improves transportation conditions, and that transportation is but one element in international trade. Commerce is vitally affected by foreign investments, by banking and credit relations, by the use of effective trade methods, and, in some instances, by the political control of Pacific markets by rival foreign countries. That the canal will encourage American commerce can scarcely be doubted, but it is equally probable that much of its influence will be thwarted unless other trade considerations are also fully recognized.

From the influence of the canal upon ocean routes and commerce results the third economic value, namely, its *effect upon the country's industries.* The opening of outside markets for manufacturers is of the utmost importance to the industries of the Central, Western, and Atlantic Coast states. As the country's surplus of farm products which can readily find markets in Europe has been declining since the close of the nineteenth century, so the surplus of manufactures has been steadily growing. Many of these surplus wares can not find an adequate foreign market in Europe but must seek a market in the newer regions of the world; and large quantities of these commodities are now moving through the canal

from Eastern factories and mills to the markets of the Pacific coast. The Eastern and Southern states, moreover, are shipping coal and cotton through the Panama Canal to Pacific markets. Similarly, the Pacific coast has lumber, grain, flour, wool, mineral and vegetable oils, salmon, fruits, and other products which are already moving through the canal to the Eastern markets of the United States and especially to Europe in appreciable quantities. Many industries, moreover, are brought nearer to their source of raw materials. Australian wool, for example, is beginning to be shipped directly to the textile mills of the East instead of indirectly by way of Great Britain; various sugar refineries depend upon Hawaiian sugar; Atlantic coast iron and steel mills are beginning to import ore from the west coast of South America; and Southern and Eastern coal is moving through the canal and may assist in solving the fuel problem of the Pacific coast. Numerous industries will be greatly benefited by the canal, but for reasons the same as those which influence commerce no sudden industrial revolution may be expected. Transportation is but one among the many forces which influence the growth of industries.

The United States government has done much at Panama which stands to its credit. It has constructed the canal with a rapidity and efficiency which has brought favorable comment from the entire commercial world. It has fixed the tolls with a view alike to the promotion of commerce and industry and to the conserving of the nation's revenue, and not until after a detailed study of canal traffic and tolls had been made. It has, moreover, wisely decided to collect tolls uniformly from the vessels and citizens of all nations in accordance with the spirit of treaty obligations, and to collect them from coastwise as well as deep sea vessels. None are so well able to pay tolls as the vessels engaged in the coastwise trade, for they are legally protected against foreign competition. The tolls of $1.20 per net vessel ton, with a reduction of 40 per cent in case of vessels in ballast, are essentially reasonable and are based upon the net tonnage of vessels as ascertained in accordance with a carefully prepared code of measurement rules. These measurement rules were expressly formulated with a view to obtaining for each vessel a net tonnage as equitable and as nearly representative of its real earning capacity as possible.

Detailed canal operating rules have also been adopted and the operating force has been organized. Government coaling stations,

open to merchant vessels, have been established at both canal terminals, and fuel oil may be purchased at the canal either from the government or from private dealers.

The increased activity of the United States Bureau of Foreign and Domestic Commerce in the promotion of the foreign trade by creating a staff of trade experts should be gratifying to all who have the country's export trade at heart. It is to be hoped that what has been done is but a beginning and that our government will do as much for American exporters as is done for some of their foreign competitors

It would seem, however, that various additional economic steps of great importance to commerce and industry and to the efficient utilization of the canal still need to be taken. One of these has to do with the development of an American deep sea merchant marine. So long as our foreign trade was confined largely to Europe it made little difference to American exporters or importers whether their goods were carried in foreign or American vessels, for in times of peace the steamship services between our eastern seaboard and Europe are excellent. The relative shift from agricultural to non-agricultural exports and from European to non-European markets, however, alters the merchant marine problem completely, for in the trade with South American and Pacific countries foreign exporters have had the advantage of superior steamship services. The Panama Canal act of 1912, as amended in 1914, has removed the disadvantage of higher construction costs by permitting the registry of foreign built vessels, but the American ship operator continues to be burdened by higher operating costs than those paid by foreign navigation companies. These differences in operating costs must be removed or private American steamship companies can not be expected to compete with foreign concerns, much less to provide a service equal to that centering at European ports. Few desire to abandon reasonable safety provisions, but there are many provisions in the navigation laws which needlessly burden vessels of American registry. A careful revision of our hopelessly bulky navigation laws will do much to narrow the difference in operating costs which stand in favor of foreign vessels. The remainder could well be overcome by the payment of specific mail subsidies to a limited number of lines operating under definite contracts which confine them to those countries where markets are most desired and require them to provide a service of agreed frequency and rapidity. The danger

of government ownership and operation of certain steamship lines is that many private steamship companies would be discouraged and that, consequently, little would be permanently accomplished unless the government entered the steamship business on an enormous scale.

The Panama Canal act, moreover, prohibits all railroad-owned steamships from using the canal, although a committee of Congress has learned that 61.9 per cent of the regular line tonnage on the Atlantic and Gulf seaboard and 19.8 per cent of that operating on the Pacific coast is owned by railways. The same act provides that railroads may not own or control steamship lines anywhere in the domestic trade of the United States, if such control is not for the public good and in any way excludes or reduces competition on the water route. It prohibits any lines operating in violation of the anti-trust law from using the canal, even though the almost universal practice of deep sea steamship lines is to coöperate in the making of rates. Would it not be wiser to subject steamship lines to reasonable government regulation such as is suggested by the Committee of the Merchant Marine and Fisheries of the House of Representatives, and then to permit them to coöperate subject to supervision by the Interstate Commerce Commission; and also under these conditions to permit railroads to operate vessels through the canal or elsewhere? It is a short-sighted policy which endeavors to penalize all railroads for the past faults of a few, to prohibit coöperation where free competition does not exist, and to use this great waterway as a means of enforcing the Sherman anti-trust act.

The economic efficiency of the canal could be further promoted by a change of existing laws in such a way as to permit exporters to combine or coöperate in their foreign trade. This has been the successful practice in foreign countries and it is well known that success in the exportation of American manufactures has been confined largely, although not entirely, to a limited number of large industrial consolidations. Why not permit these concerns to enter the export trade without fear of violating the law of the land? And why not permit smaller exporters to coöperate and thereby obtain a fair share of the foreign trade? American manufacturers can not be expected to fight each other and also to fight strongly organized foreign rivals.

Finally, it is earnestly to be hoped that the trading rights of the United States will at all times be maintained in the markets of the

world. American exporters and importers are not entitled to any unfair advantages, but they are entitled to an open door in China, unless China voluntarily closes it to all countries alike, also to open trade routes and to protection against unlawful interference with peaceable commerce. The canal should prove a boon to American commerce and industry, but its influences can be greatly enhanced by an aggressive commercial policy and a realization that American exporters must compete against powerful foreign rivals. It behooves the shippers and producers of the United States first of all to make every effort to further their foreign sales. Secondly, it behooves the government to let it be known that the nation stands behind them. Though the United States may never be so closely dependent upon foreign trade as our less fortunate foreign rivals, for we are blessed with an unequalled domestic market, the time when supplementary foreign markets are necessary has arrived.

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